

The battle over benefits

In Europe, right-wing parties are offering bigger handouts than traditional ones

And that is part of the secret of their electoral success



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IT IS not cold inside the Municipal Family Support Centre, but Barbara Choinska keeps her coat on, in the manner of people to whom the world has been hostile. The centre is the main social-services point in Siedlce, a town 90km east of Warsaw. Ms Choinska has five children, no husband and no job. “She struggles to make sure the children are dressed and do their homework,” explains Adam Kowalczyk, the centre’s director. “We send someone each week to help her maintain basic standards, so they don’t get taken away by the state.”

One thing Ms Choinska no longer worries about is having money for food and rent. In 2016 Poland’s new government, led by the populist Law and Justice (PiS) party,



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programme has cut the rate of extreme child poverty (defined as less than 1,500 zlotys per month for a family of four) from 11.9% to 2.8%.

500Plus is popular, especially in places like Siedlce. Many in Poland's small towns and villages felt that the previous government, led by the liberal Civic Platform party, looked down on them. Over the past two decades, the economy grew rapidly but inequality also rose, with poverty more common in rural areas. This is partly why provincial Poles voted for PiS. The 500Plus programme fits PiS's Catholic, pro-family ideology. PiS's voters are more likely than liberal ones to have two or more children—and a fixed stipend buys more in rural areas than in pricey Warsaw.

At first, liberal politicians called the programme a budget-buster. Now, seeing how popular it is, they embrace it. Jacek Rostkiewicz, who served as finance minister

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campaigns on a promise to expand 500Plus to cover all first-born children too.

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Poland's prime minister, Mateusz Morawiecki, boasts that PiS has defied

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Employees against the re-election of President Emmanuel Macron. In the Netherlands Geert Wilders's Freedom Party lambasts the government over cuts to health care. The right-wing Alternative for Germany exploits anger over unequal pensions in the country's east and west. Meanwhile centre-left parties that felt obliged to cut welfare during the euro crisis—the Dutch Labour Party, the French Socialists, Germany's Social Democrats—have been hammered in recent elections.

Since the 1990s the received wisdom in Europe has been that the post-war welfare state was past its peak. But voters often want it to be more generous, not less. In polls in 2014 and 2016, citizens in three-quarters of the EU's members named "social equality and solidarity" as their priorities for society. Western Europeans unnerved by the global financial crisis want protection against an uncertain future. Eastern Europeans with skimpy public services want the kind of security that their western neighbours seem to have. Where centrist parties have stopped championing the welfare state, populist parties are picking up the slack—and the votes. A poll in January put PiS's support at 44%. Its closest rivals, Civic





the unemployed to seek work.

Scandinavian countries, which were used to providing social benefits directly through the government, moved quickly to implement flexicurity. However, Germany and France, which relied more on protecting workers' jobs, found it harder. In Germany unemployment stayed high until Gerhard Schröder's Social Democratic government pushed through the Hartz reforms, beginning in 2003. These cut early pensions and unemployment benefits, created lower-paid job categories ("mini-jobs"), and required the unemployed to take part in job-search programmes. But in France fitful stabs at liberalisation that began in the mid-1990s were defeated or watered down by the left. The country kept a dual labour market, in which insiders have permanent contracts and full benefits and are hard to sack, and outsiders on temporary contracts have nothing. Southern European countries like Spain, Portugal, Italy and Greece have suffered from similarly rigid labour markets.

In December 2007 the European Commission adopted flexicurity as a guiding principle of its economic recommendations. The next year the global financial crisis struck, followed in 2010 by the euro crisis. Countries that had adopted flexicurity policies often saw their unemployment rates go up faster than those which strongly protected existing jobs. Yet the crisis also drove countries like Spain



Flexibility critics have some strong arguments. Some economists challenge how much active labour-market policies have contributed to Germany's recovery. The Hartz reforms accounted for only about 1.5 percentage points of the four-point drop in Germany's unemployment rate from 2005 to 2009, one study found; a bigger factor was rising global demand for German products, especially in China.

Another threat to welfare-state reforms is immigration. In Germany, France, Sweden, Britain and the Netherlands the share of foreign-born residents now ranges between 11% and 17%, comparable to those in traditional immigrant countries like America. Countries with greater ethnic diversity are usually believed to have stingier welfare states. Since the migration crisis of 2015, ethnic resentment against Muslims has become a leitmotif in debates about welfare-state policies. In Sweden, the Netherlands and Germany populist parties engage in "welfare chauvinism", railing against refugees for collecting benefits at higher rates than natives.

Yet such resentments do not seem to have affected European support for the welfare state. Indeed, France's National Front, Germany's AfD, Poland's PiS and the like are all staunch supporters of social benefits. They use welfare-chauvinist arguments to attack immigration, not the welfare state. In a recent study of 85,000 people in regions around Europe, Bo Rothstein and Nicholas Charron, political scientists at Copenhagen University, found that ethnic diversity did not undermine



pensioners in a country that already suffers from mass emigration and a low fertility rate. But however misguided, such moves are popular. If liberal parties cannot devise their own credible alternatives, populists could end up winning and holding power in more European countries by promising welfare for all.

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